

OGC HAS REVIEWED.

11 February 1954

MEMORANDUM FOR: Acting Deputy Director (Administration)

25X1A

SUBJECT : Write-off of Sums Involved in Project [REDACTED]

REFERENCE : a. Memo to ADD/A from Auditor-in-Chief, dated 18 December 1953 (attached)

b. Memo to Auditor-in-Chief from Ch/Admin, DD/P, dated 15 October 1953 (attached)

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1. You have asked for our recommendation as to the proper disposition of the \$63,122.93 spent by [REDACTED] in an unsuccessful attempt to purchase [REDACTED]

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3. However, we do not believe that either of these sections controls write-offs of losses of proprietaries. When the DCI authorizes the establishment of a proprietary company and the transfer of sums to it, he recognizes that the company may make or lose money. Thus, ordinary business losses that exceed \$2,500 would not appear to require DCI approval to be written off. This is reflected in our current practice of setting up an investment account for each proprietary and adjusting it to reflect the net worth of the proprietary.

4. Also under present practice proprietary companies are governed by an Administrative Plan which contains specific authority for writing off losses. No current Administrative Plan exists for [REDACTED] However, the Covert Coordination Committee (CCC) met 16 August 1950 and, after determining that the project was a proprietary one, decided:

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"7. Funds initially advanced to the corporation will be charged to expense by the Agency upon receipt of the necessary documents indicated above and upon acknowledgement by the agent of receipt of any draft."

Since the funds transferred to [] have already been authorized by the OGC to be charged to expense, an ordinary business loss would not require a formal write-off in the same way that unaccounted sums advanced to an individual would.

5. Although the loss involved here can in no sense be considered an ordinary business loss, you have the authority, in our opinion, to approve its write-off. Furthermore, on the facts as presented to us, we believe you would be fully justified in doing so.

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[]
Assistant General Counsel

OGC/JFEMJr: cat
Attachments

Distribution:

Orig & 1 - Addressee
1 - Auditor-in-Chief
1 - DDP/Admin
1 - OGC, 317 South
1 - []
✓ 1 - Chrono

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